No. 84-652

(3)

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

CHAS. S. TANNER CO. and NATIONAL STARCH AND CHEMICAL CORPORATION,

Petitioners,

v.

AIR PRODUCTS AND CHEMICALS, INC.,

Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTION PRESENTED FOR REVIEW

Respondent disagrees with petitioners' "Question Presented For Review" because it is not presented by the record in this case. There is no factual support for petitioners' assertion tnat they were denied notice of and opportunity to meet respondent's contentions at trial.

STATEMENT UNDER RULE 28.1

Pursuant to Rule 28.1 of this Court, respondent Air Products and Chemicals, Inc. states that it has no parent company. Air Products and Chemicals, Inc. has two affiliates, Sociedad Espanola de Carburos Metalicos S.A. and Daido Sanso K.K., and no subsidiaries except those that are wholly-owned.

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On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

CONSTITUTIONAL PROVISION, STATUTES AND RULES INVOLVED

Relevant to this brief are Article 3, Section 2, Clause 1 of the United States Constitution, 28 U.S.C. §331, 35 U.S.C. §285, and Rules 5(a), 16(c)(5) and 83 of the Federal Rules of Civil Procedure. Each of these is printed in its entirety in the Appendix (RA[1] 25-30).

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[1] Appendix to Respondent's Brief in Opposition will be referred to herein as RA.

STATEMENT OF THE CASE

Petitioners' statement of the case is inaccurate and inadequate to an understanding of the proceedings below. Respondent therefore provides the following, more complete statement.

This is an action for patent infringement and misappropriation of trade secrets. Air Products and Chemicals, Inc. ("Air Products") is the plaintiff; National Starch and Chemical Corporation and its wholly-owned subsidiary, Chas. S. Tanner Co.[2], are the defendants. The patent is U.S. patent 3,708,388 which relates to adhesive compositions and processes for manufacturing laminates.

In December 1981, after two and one-half years of discovery, the trial court entered a Stipulated Order which severed for a first and separate trial the patent and trade secret liability issues (PA[3] 93-96). The Order specifically designated for the first trial all the issues of fact joined by Air Products' Amended Complaint and by the denials, affirmative defenses and counterclaims set forth in paragraphs 1 through 57 of National's Answer and Counterclaim (PA 93). Paragraph 9 of the Amended Complaint alleged that National's patent infringement had been "deliberate and willful" (RA 2). Paragraph 9 of National's Answer and Counterclaim denied any deliberate and willful infringement (RA 6). Deliberate and willful infringement is the factual support for the award of reasonable attorney fees under 35 U.S.C. §285 (PA 70-71) for which there was a specific prayer in Air Products' Amended Complaint (RA 4).

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[2] National Starch and Tanner will be referred to herein collectively as "National."

[3] Appendix to Petition for Certiorari will be referred to herein as PA.

On June 8, 1982, the District Court advised both sides that the liability trial would commence on November 29, 1982. Shortly before the trial commenced, the parties stipulated to specific procedures for the trial (RA 8-16). The parties stipulated that exhibit lists need not be exchanged until five days before trial (RA 12-13), and that trial witnesses need not be identified until the evening before their appearance (RA 14).

On November 29, 1982, after pretrial briefs were submitted to the court, the trial began. On the first day of trial, National's trial counsel assented to the local briefing practices employed in this case:

> I understand it's the practice here for each side to submit their own pre-trial briefs to the court without submitting it to the other side and I have no quarrel with that.

(PA 97).

During National's case, it proffered evidence on the issue of willfulness; National's counsel argued:

> I simply want to show that this gentleman and the Charles S. Tanner Company acted in good faith on advice of counsel after serious deliberation. . . . That there is no willful or wanton infringement here. And that this man is not guilty of any willful or wanton infringement, and neither is the Charles Tanner Company.

(RA 19). The court allowed testimony on the willful and wanton infringement issue, though it excluded some of National's evidence and opinions of counsel because the evidence was intentionally withheld during discovery (RA 23).

After trial, the court requested and the parties agreed to submit proposed findings of fact and conclusions of law which were not to be exchanged (RA 23-24).

On May 2, 1983, the court issued a lengthy opinion (PA 7-84), finding in Air Products' favor on the patent issues (PA 8-71) and in National's favor on the trade secret issues (PA 72-83). Holding that National's conduct "evinced a blatant disregard for plaintiff's [Air Products'] patent rights" (PA 70-71), the court issued an injunction against further infringement, found National liable for damages, and awarded Air Products its reasonable attorney fees, subject to proof of their amount in a subsequent trial of the damages issues (PA 71, 84).

At no time prior to or during trial did National interpose an objection to the trial court's briefing procedures. Similarly, after trial, there was never any objection although there were several occasions in which it could have made such an objection. Thus, on May 9, 1983, National moved for entry of judgment in order to start the time for appeal. The form of judgment—agreed upon by both sides—included the award of attorney fees (PA 86). On May 12, 1983, the court entered the agreed form of judgment containing the attorney fees award. *Id.*

On May 23, 1983, National moved under Rules 59(e) and 60(b), Fed.R.Civ.P., for relief from the attorney fees portion of the judgment on the alleged ground that the attorney fees issue was not covered by the Stipulated Order of December 1981; once again, National raised no objection to the local district court practice regarding the exchange of pretrial briefs and post-trial submissions. After hearing oral argument on National's motion, affidavits, and exhibits, on June 14, 1983 the court denied National's motion, specifically finding adequate notice to National from the clear language of the Stipulated Order (PA 88-89) and emphasizing National's own efforts to introduce evidence on the willfulness issue (PA 89-92).

On appeal, National complained, for the first time, that it had been prejudiced by the pretrial briefing procedures.[4] The Court of Appeals rejected the contention and affirmed the district court in all respects (PA 1-6).

The Court of Appeals later denied National's petition for rehearing and refused to stay its mandate pending application to this Court for a writ of certiorari.

SUMMARY OF ARGUMENT

National's petition should be denied both because the question presented is not raised by the facts of this case and because the briefing practices complained of are squarely in accord with the Federal Rules of Civil Procedure and the decisional law of this Court. The question is not raised for two reasons: (1) the issue was never presented to the trial court, a prerequisite to it being raised here; and (2) National's allegation of prejudicial "surprise" is contrary to the concurrent findings of fact of the courts below and conclusively contradicted by the trial record showing that National specifically offered evidence on the very issue it now says it did not know was being tried.

---

[4] Air Products did not cross-appeal from the ruling on the trade secret issues.

ARGUMENT

I.

THE ALLEGED IMPROPRIETY OF THE TRIAL COURT'S BRIEFING PROCEDURES WAS NEITHER RAISED NOR PRESERVED BY PETITIONERS IN THE TRIAL COURT

The question National presents for review is not a proper subject for certiorari because National failed to raise or preserve any objection to the local briefing practices in the trial court. This Court has long applied the principle that issues or questions not raised in or presented to the trial court will not be considered on certiorari. *Singleton v. Wulff*, 428 U.S. 106, 120 (1976); *Ellis v. Dixon*, 349 U.S. 458, 460 (1955); *Virtue v. Creamery Package Mfg. Co.*, 227 U.S. 8, 38-39 (1913). The purpose underlying this principle is to ensure that the trial judge is promptly informed of the litigants' objections so that he may have an opportunity to consider them. *Morrow v. Greyhound Lines, Inc.*, 541 F.2d 713, 724 (8th Cir. 1976).

In the present case, National never raised any objection in the trial court to the local practice of not exchanging trial briefs and post-trial submissions. It now attempts to justify its inexplicably omissive conduct by asserting that "asking for such an exchange would have been futile, and perhaps impertinent." (Petition[5] at 14). It was National's obligation, however, to inform the trial judge of its specific objections and give the court an opportunity to consider them. *See Morrow v. Greyhound Lines, Inc.*, 541 F.2d at 724. The trial proceedings here show that the

[5] National's Petition for Certiorari will be referred to herein as Petition.

court was flexible enough to consider such requests: on the first day of trial, National requested a copy of a Glossary of Terms prepared by Air Products and submitted to the court as part of Air Products' pretrial unexchanged submission (RA 17). The court granted National's request, and never chastised it for any "impertinence." *Id.*

Similarly, the post-trial proceedings show that National was satisfied with the local briefing procedures. In National's excerpted colloquy with the court concerning the procedures for post-trial submissions (*see* Petition at 14), National said nothing even remotely resembling an objection. Moreover, it never requested that a different procedure be employed. In its post-trial motion for entry of judgment and for a stay of the injunction, National was again silent on the issue of exchanging briefs. Finally, when National moved to amend the portion of the judgment awarding Air Products its reasonable attorney fees it again raised no objection to the local briefing practices.

National's petition should be denied because National failed to raise or preserve any objection to the local briefing procedures in the trial court. When the exchange-of-briefs issue was belatedly raised for the first time in the Court of Appeals for the Federal Circuit, it was rejected as being meritless (PA 5).

II.

THE "QUESTION PRESENTED FOR REVIEW" IS SPURIOUS: THERE IS NO BASIS FOR IT IN THE FACTS OF THIS CASE

There is no factual basis for the "Question Presented For Review." The record shows that National was not denied, to use the language of its question, "notice of and opportunity to meet [Air Products'] contentions, including

a claim for . . . attorney fees." (Petition at i). National had timely and adequate notice, nearly a year before trial, of all contested issues, including Air Products' contention that National's infringement had been "deliberate and willful." Nor was National denied any opportunity to meet this contention. Indeed, as the trial court (PA 88-90) and the court of appeals (PA 5) both found, National was forewarned that the nature of its infringement was in issue, and it therefore offered evidence at trial that it purportedly acted in good faith and that there was no wanton or willful infringement. As this Court has said many times, the Court will not review evidence or decide facts found concurrently by both lower courts. *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 336 U.S. 271, 275 (1949), *aff'd on rehearing*, 339 U.S. 605 (1950); *Universal Oil Products Co. v. Globe Oil & Refining Co.*, 322 U.S. 471, 473 (1944); *Goodyear Tire & Rubber Co. v. Ray-O-Vac Co.*, 321 U.S. 275, 278 (1944). In view of the finding that National did have adequate notice and opportunity to be heard, any alleged impropriety in the briefing practices could have resulted in no more than harmless error and the court of appeals so found (PA 5)[6].

A. Petitioners Were Given Timely And Adequate Notice Of All Contentions

National was on notice that attorney fees were in issue from the pleadings and from the stipulated pretrial order listing the issues to be tried (PA 93-96). The complaint gave National express notice of the attorney fees issue

[6] The patent validity, enforcement and infringement issues now raised in National's petition (*see* Petition at 17-19) were carefully considered and rejected by both the trial court and the court of appeals. There is therefore no need for discussion of those issues here and certainly no need for the new trial National is seeking.

(RA 1-4). The Stipulated Order specifically provided that Paragraph 9 of Air Products' Amended Complaint (RA 2) and Paragraph 9 of National's Answer and Counterclaim (RA 6) would be tried (PA 93). These paragraphs contained the allegation and denial, respectively, of National's deliberate and willful infringement, the factual basis supporting the award of attorney fees (PA 70-71).

B. Petitioners Took Full Advantage Of Their Opportunity To Meet The Willful Infringement Issue

National's own conduct at trial shows it was fully aware that the attorney fees issue was being tried. National's contention in this Court—that National would have introduced opinions of counsel on the issue of willfulness if it knew the issue was being tried (*see* Petition at 16)—is absolutely contradicted by the record. National did offer opinions of counsel, and other evidence, to show that "the Charles S. Tanner Company acted in good faith . . ." (RA 19) and to show "[t]hat there is no willful or wanton infringement here." *Id.* In fact, National's counsel made it clear that the documents were being offered for no other purpose: "I have no intention of relying on them for the substance of the matters contained therein." *Id.* The opinions were ruled inadmissible because they had been deliberately withheld during discovery on the grounds of attorney-client privilege (RA 23), a ruling not challenged here or on appeal. However, National was permitted to introduce oral testimony on the willfulness issue. *Id.*

Having introduced evidence on the specific issue of willfulness, National is precluded from arguing that the local briefing practices denied it the opportunity to be heard on that issue. Any review of the Question Presented would, therefore, be advisory, in violation of the case or controversy requirement of Article 3, Section 2, Clause

1 of the United States Constitution, and contrary to the decisional law of this Court. *See, e.g., O'Shea v. Littleton*, 414 U.S. 488, 494 (1974) ("Abstract injury is not enough."); *Sierra Club v. Morton*, 405 U.S. 727, 738 (1972) ("[T]he party seeking review must himself have suffered an injury.").

III.

THIS CASE IS INAPPROPRIATE FOR EXERCISE OF THIS COURT'S SUPERVISORY POWER

National's attempt to invoke this Court's supervisory power pursuant to the decision in *La Buy v. Howes Leather Co.*, 352 U.S. 249 (1957) is also without merit. Supreme Court Rule 17.1(a) counsels against the granting of certiorari here because the court of appeals has not "so far departed from the accepted and usual course of judicial proceedings, or so far sanctioned such a departure by a lower court, as to call for an exercise of this Court's power of supervision."

A. The Briefing Practices Employed At Trial Are Consistent With The Federal Rules Of Civil Procedure

The Federal Rules of Civil Procedure conclusively answer the question of whether a district court must allow an exchange of pretrial briefs and post-trial submissions. Rule 5(a), Fed.R.Civ.P., sets forth the pleadings and other papers for which service on the opposing party is mandatory. Trial briefs are excluded from its long list of "similar papers" for which service on the opposing party is required. The significance of this exclusion was highlighted by the court in *Photovest Corp. v. Fotomat Corp.*, 606 F.2d 704, 708-11 (7th Cir. 1979), *cert. denied*, 445 U.S. 917 (1980):

> Given the prominence and significance of the trial brief in the litigation process, its glaring absence from the list of documents specifically mentioned in the rule supports the inference that the drafters did not intend Rule 5(a) to apply to trial briefs.

606 F.2d at 709.

In arguing that the exchange of trial briefs is somehow required under the "language" of recently adopted Rule 16(c)(5), National seriously misrepresents the provisions of the new Rule. National quotes Rule 16(c)(5) as follows:

> (c) Subjects to be Discussed at Pretrial Conferences . . . .
>
> (5) . . . exchanging pretrial briefs . . . .

Petition at 3.[7] In reality, the full quotation of Rule 16(c)(5), Fed.R.Civ.P., reads (with emphasis on material portion omitted by National):

> (c) Subjects to be Discussed at Pretrial Conferences. *The participants at any conference under this rule may consider and take action with respect to*
>
> . . .
>
> (5) the identification of witnesses and documents, *the need and* schedule for filing and exchanging pretrial briefs, and the date or dates for further conferences and for trial;
>
> . . . .

The seriousness of National's omission of the emphasized portion of Rule 16(c)(5) is manifest: the rule simply does not mandate an exchange of pretrial briefs, but instead indicates that the need for exchanging pretrial briefs is left to the consideration of the parties and to the discretion of the trial court.

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[7] Similarly, National omits material portions of Rule 16(c)(5) at pages 6 and 13 of the Petition.

Moreover, Rule 83, Fed.R.Civ.P., grants each district court wide discretion in regulating its practice in any manner not inconsistent with the Federal Rules. The briefing practices employed in the present case are not inconsistent with Rule 5(a), or any other rule, and are therefore permitted by Rule 83.[8]

Any change in the Federal Rules to require an exchange of trial briefs is appropriately relegated to the rule amendment procedure established by Congress rather than to a supervisory decree in the present case. 28 U.S.C. §331 provides that the Judicial Conference of the United States shall be the forum for the study of possible changes in and additions to the rules. Thus, any requirement of exchanged briefs should be adopted, if at all, only after the Conference has had an opportunity to evaluate it in view of the factors mandated by Congress.

B. The Briefing Practices Employed At Trial Are Consistent With The Decisional Law Of This Court

National's contention that the absence of exchanged briefs in the trial court constitutes a due process violation (Petition at 11) is already resolved by the decisions of this Court. In the context of trial procedure, due process requires notice and an opportunity to be heard. *Mullane*

---

[8] National's purported analysis of the local exchange-of-briefs rules in all 91 judicial districts (*see* Petition at 10-11, n. 6-9) contains several inaccuracies. Contrary to National's analysis, D. Minnesota (Local Rule 9(B)) provides only for submission of post-trial proposed findings of fact and conclusions of law to the court. Also contrary to National's analysis, W.D. New York (Local Rule 16(D)) requires an exchange of pretrial briefs; E.D. Tennessee (Local Rule 11(a)) requires an exchange of post-trial submissions. Despite National's analysis, it has failed to point out any case law supporting a requirement of exchanged briefs.

v. Central Hanover Bank & Trust Co., 339 U.S. 306, 313 (1950). Notice is adequate if it is reasonably calculated to apprise interested parties of the pendency of a claim against them. *Id.* at 314. *See also Memphis Light, Gas & Water Div. v. Craft*, 436 U.S. 1, 22 (1978). In addition, due process requires that litigants be afforded an opportunity for "some kind of hearing" prior to the deprivation of a significant property interest. *Memphis Light*, 436 U.S. at 19; *Boddie v. Connecticut*, 401 U.S. 371, 379 (1971). As already discussed, National had adequate notice and opportunity to be heard consistent with this Court's decisions.

National now erroneously contends that the trial court's briefing practices violate due process under this Court's holding in *Morgan v. United States*, 304 U.S. 1, 18-20 (1938), a decision National failed to cite in the court of appeals. At issue in *Morgan* was whether appellants were accorded the requisite "full hearing" guaranteed them under the Packers and Stockyards Act. 304 U.S. at 14-15. In holding that appellants were not given a "full hearing", this Court found controlling the denial of adequate notice of the Government's specific contentions. In the present case, however, National was adequately advised of Air Products' contentions. A specific complaint, absent in *Morgan*, gave National full notice of Air Products' allegation of deliberate and willful infringement and prayer for attorney fees. The pretrial Stipulated Order gave National additional notice that its willfulness was in issue. This case is further distinguishable from *Morgan* in that National never objected in the trial court to the absence of exchanged briefs National now complains of. Adequate notice, denied to the appellants in *Morgan*, was provided to National in the present case.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted,

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December 19, 1984

APPENDIX

APPENDIX
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Amended Complaint, filed February 24, 1981

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION

AIR PRODUCTS AND CHEMICALS, INC., *Plaintiff,*	)	Civil Action No. 79-826
v.	)	
CHAS. S. TANNER CO., *Defendant.*	)	

AMENDED COMPLAINT

Plaintiff, AIR PRODUCTS AND CHEMICALS, INC. (hereinafter "AIR PRODUCTS"), for its amended complaint against the defendant, CHAS. S. TANNER CO. (hereinafter "TANNER"), alleges:

COUNT I

1. This is an action for patent infringement arising under the Patent Laws of the United States, Title 35 United States Code. Jurisdiction and venue are based on 28 U.S.C. §§ 1338(a) and 1400(b).

2. Plaintiff, AIR PRODUCTS AND CHEMICALS, INC., is a corporation organized and existing under the laws of the State of Delaware, having its principal place of business in Allentown, Pennsylvania.

3. Upon information and belief, defendant, CHAS. S. TANNER CO., is a corporation organized and existing

under the laws of the State of Delaware and maintains a regular and established place of business in this judicial district, specifically in or near Greenville, South Carolina.

4. On January 2, 1973, the United States Letters Patent No. 3,708,388, entitled PROCESS OF LAMINATING USING VINYL ACETATE-ETHYLENE COPOLYMER LATEX ADHESIVE COMPOSITION, was duly and legally issued to plaintiff, as assignee of Martin K. Lindemann and John G. Iacoviello, and since that date plaintiff has been and plaintiff still is the owner of all right, title and interest to said patent, including the right to recover for any infringement thereof.

5. Upon information and belief, defendant has been and still is infringing United States Letters Patent No. 3,708,388 within this judicial district by making, using and selling the patented inventions claimed therein.

6. More specifically, upon information and belief, defendant has been and still is infringing U.S. Letters Patent No. 3,708,388 at its place of business in or near Greenville, South Carolina by its manufacture, use and sale, *inter alia*, of adhesive compositions.

7. Upon information and belief, defendant has been and still is actively inducing others to infringe said Letters Patent No. 3,708,388.

8. Upon information and belief, defendant has been and still is contributorily infringing said Letters Patent No. 3,708,388.

9. Upon information and belief, defendant's acts of infringement as alleged in aforesaid paragraphs 5, 6, 7 and 8 have been deliberate and willful, and defendant will continue these infringing activities unless enjoined by this Court.

10. Plaintiff has been and still is being damaged by defendant's infringing activities. Plaintiff will be irreparably injured unless such activities are enjoined by this Court.

* * *

WHEREFORE, plaintiff prays:

(a) That this Court declare plaintiff, AIR PRODUCTS AND CHEMICALS, INC., the owner of United States Letters Patent No. 3,708,388 and of all rights of recovery as to it;

(b) That this Court declare that said Letters Patent No. 3,708,388 is valid in law;

(c) That this Court declare that defendant has been and still is infringing said Letters Patent No. 3,708,388;

(d) That this Court declare that defendant has been and still is inducing others to infringe said Letters Patent No. 3,708,388;

(e) That this Court declare that defendant has been and still is contributorily infringing said Letters Patent No. 3,708,388;

(f) That this Court order a preliminary and final injunction enjoining defendant and those in privity therewith from infringing, contributorily infringing and inducing infringement of said Letters Patent No. 3,708,388;

(g) That this Court order that an accounting be made for plaintiff's damages arising out of defendant's infringement, defendant's contributory infringement and defendant's acts inducing others to infringe, and that the damages so ascertained be trebled and awarded to plaintiff together with interest;

(h) That this Court order a preliminary and final injunction enjoining further acts of unfair competition by

defendant and by those controlled by or in privity with defendant;

(i) That this Court order that an accounting be made for plaintiff's damages arising out of defendant's acts of unfair competition;

(j) That this Court further award plaintiff punitive damages that will adequately compensate plaintiff for defendant's acts of unfair competition;

(k) That this Court award plaintiff its attorneys' fees, costs and expenses in this action; and

(l) That the Court grant such other and further relief as this Court may deem just.

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February 24, 1981

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Answer and Counterclaim, filed March 26, 1981

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION

AIR PRODUCTS AND CHEMICALS, INC., *Plaintiff,* v. CHAS. S. TANNER CO., and NATIONAL STARCH AND CHEMICAL CORPORATION, *Defendants.*	Civil Action No. 79-826

ANSWER AND COUNTERCLAIM

Defendants, Chas. S. Tanner Co. and National Starch And Chemical Corporation, for their Answer to the Amended Complaint filed February 24, 1981 herein allege as follows:

1. Admit the allegations of paragraph 1 of the Amended Complaint.

2. State that they have insufficient knowledge and information to form a belief as to the truth of the allegations of paragraph 2 of the Amended Complaint and therefore deny same.

3. Admit that at the commencement of this litigation, Chas. S. Tanner Co. ("Tanner") was a corporation organized and existing under the laws of the State of Delaware

and had a regular and established place of business within this judicial district. On or about July 31, 1980, Chas. S. Tanner Co. distributed all of its assets, subject to its liabilities, in redemption of all its issued and outstanding capital stock, to defendant, National Starch And Chemical Corporation ("National"), a corporation organized and existing under the laws of the State of Delaware having its principal place of business in Bridgewater, New Jersey.

4. Admits the allegations of paragraph 4 of the Amended Complaint except that they deny that United States patent No. 3,708,388 ("the '388 patent") was duly and legally issued and further state that they lack sufficient knowledge and information to form a belief as to the truth of the allegations regarding plaintiff's ownership of such patent, including the right to recover for infringement thereof, and therefore deny same.

5. Deny the allegations of paragraph 5 of the Amended Complaint.

6. Deny the allegations of paragraph 6 of the Amended Complaint.

7. Deny the allegations of paragraph 7 of the Amended Complaint.

8. Deny the allegations of paragraph 8 of the Amended Complaint.

9. Deny the allegations of paragraph 9 of the Amended Complaint.

10. Deny the allegations of paragraph 10 of the Amended Complaint.

* * *

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Stipulation, filed November 29, 1982

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION

AIR PRODUCTS AND CHEMICALS, INC., *Plaintiff,*	)	Civil Action No. 79-826
v.	)	
CHAS. S. TANNER CO., and NATIONAL STARCH AND CHEMICAL CORP., *Defendant.*	)	Hon. G. Ross Anderson, Jr.

STIPULATION

It is hereby stipulated, by and between the parties to the above-referenced cause, Air Products & Chemicals, Inc., Chas. S. Tanner Co. and National Starch and Chemical Corporation, through their undersigned counsel, *subject to the approval of this Court,* that the following procedures will be utilized at trial:

1. *Trial Exhibits*

To expedite trial of this cause, and to resolve questions of admission into evidence of documentary materials, the parties stipulate as follows:

A. With respect to documents prepared by personnel of Chas. S. Tanner Co., National Starch and Chemical Corporation, Air Reduction Company (including its various subsidiaries, divisions and

predecessor companies) and/or Air Products and Chemicals, Inc.:

(1) *Authenticity*: Each document was prepared by the indicated author or signatory, on or about the date that the document bears, if dated, and each document was received by the indicated recipient on or about the date that the document bears, if dated. Each document is what it appears on its face to be, *e.g.* a laboratory notebook, a monthly report, etc. Each document is "authentic" with respect to Federal Rule of Evidence 901(a).

(2) *Business records*: Each document was prepared and maintained in the ordinary course of business of the party who employed the author or signatory thereof, or the party identified by name with respect to each document (such as by letterhead or company name on a trade brochure). Each document is a "business record" with respect to Federal Rule of Evidence 803(6). To the extent a document records the statements of or information indicated to have been gathered from a source other than the author or signatory (so as to constitute possible "hearsay on hearsay" with respect to Federal Rule of Evidence 805), no objections on such ground will be made as to admissibility, but the right to object on such ground to the weight to be given to such evidence by the Court is reserved.

B. With respect to documents prepared by personnel of Hercules Incorporated, E.I. duPont de Nemours & Co., Moore Products Co. and/or Nooter

Corporation, provided to the parties herein either through *subpoena duces tecum* or produced by the parties from their respective files:

(1) *Authenticity*: Each document was prepared by the indicated author or signatory, on or about the date that the document bears, if dated, and each document was received by the indicated recipient on or about the date that the document bears, if dated. Each document is what it appears on its face to be, *e.g.* a laboratory notebook, a monthly report, etc. Each document is "authentic" with respect to Federal Rule of Evidence 901(a).

(2) *Business records*: Each document was prepared and maintained in the ordinary course of business of the author or signatory's company, or the company identified by name with respect to each document (such as by letterhead or company name on a trade brochure). Each document is a "business record" with respect to Federal Rule of Evidence 803(6). To the extent a document records the statements of or information indicated to have been gathered from a source other than the author or signatory (so as to constitute possible "hearsay on hearsay" with respect to Federal Rule of Evidence 805), no objections on such ground will be made as to admissibility, but the right to object on such ground to the weight to be given to such evidence by the Court is reserved.

C. With respect to documents prepared by personnel of Wacker Chemie, Sumitomo Chemical Company, Kurashiki Rayon Company and/or Rhone-Poulenc, produced by Air Products and Chemicals, Inc.:

(1) *Authenticity*: Each document was prepared by the indicated author or signatory, on or about the date that the document bears, if dated, and each document was received by the indicated recipient on or about the date that the document bears, if dated. Each document is what it appears on its face to be, *e.g.* a laboratory notebook, a monthly report, etc. Each document is "authentic" with respect to Federal Rule of Evidence 901(a).

(2) *Business records*: Each document was prepared and maintained in the ordinary course of business of the author or signatory's company, or the company identified by name with respect to each document (such as by letterhead or company name on a trade brochure). Each document is a "business record" with respect to Federal Rule of Evidence 803(6). To the extent a document records the statements of or information indicated to have been gathered from a source other than the author or signatory (so as to constitute possible "hearsay on hearsay" with respect to Federal Rule of Evidence 805), no objections on such ground will be made as to admissibility, but the right to object on such ground to the weight to be given to such evidence by the Court is reserved.

D. With respect to charts and/or illustrative exhibits to be used during the course of a witness' testimony:

The parties agree that all pre-prepared charts or illustrative exhibits will be provided to their opponents no later than the day prior to the witness' giving testimony which will involve utiliza-

tion of such charts or illustrations. Copies of any such pre-prepared exhibits completed prior to November 29, 1982 will be filed with the Court, appropriately identified by a trial exhibit number, no later than 9:30 a.m. on that day. No party shall object to the use of any chart or illustrative exhibit, or to the use of any pre-prepared chart or illustrative exhibit for failure to have filed said exhibit with the Court prior to November 29, 1982, *unless* said exhibit is not timely provided as set forth above. The parties reserve all other grounds of objection not specifically waived herein with respect to such charts and/or illustrative exhibits.

The parties respectfully reserve the right to object to the introduction into evidence on the grounds of relevance and/or materiality with respect to any specific exhibit or exhibits until the earliest time at which the context of the offer of said exhibit can be determined, such that a judgment as to any bases for such objection can be made. All trial exhibits exchanged by the parties prior to November 29, 1982 (*see* paragraph 3 below) with respect to which such an objection as to relevance and/or materiality may be made prior to trial shall be segregated and identified to the Court or the Clerk of the Court by no later than 5:00 p.m. on November 26, 1982.

2. *Trial Exhibit Lists*

The parties will file with the Clerk of the Court, by no later than 5:00 p.m. on November 24, 1982, two (2) copies of a trial exhibit list for each party's direct case in the form requested by the Court during the hearing of October 29, 1982. The parties will likewise provide

copies of such lists to each other prior to filing with the Court, and will make proof of service thereof on filing the Court's copies with the Clerk. Should the Court so desire, additional copies of such lists shall be provided for the convenience of the Court and/or the Clerk of the Court on request.

3. *Filing of Trial Exhibits*

The parties will serve on each other, by no later than 12:00 noon on November 26, 1982, one (1) copy of each trial exhibit pre-marked in the form requested by the Clerk of the Court during the hearing of October 29, 1982, and will file with the Clerk of the Court, by no later than 5:00 p.m. on November 26, 1982, two (2) copies of each trial exhibit pre-marked in the form requested by the Clerk of the Court during the hearing of October 29, 1982. One set of such trial exhibits shall be provided to the Clerk for the Clerk's use; the second set will be provided to the Court for the use of the Court and its law clerk(s). To the extent that a determination as to objection(s) on grounds of either relevancy and/or materiality as to an opposing party's exhibit(s) can and has been made, those exhibit(s) shall be segregated and appropriately identified to the Court prior to filing. Should the Court so desire, one (1) additional set of trial exhibits will be provided for the use of the Court and its law clerk(s), on request, at the opening of trial on November 29, 1982. Unless a request for such a full second set is made at that time, however, it is the intention of the parties to provide such second exhibit copies for the use of the Court and its law clerk(s) as the documents or materials are referred to during the trial testimony. By so doing, difficulties in location of exhibits in the Court's set, and in the storage of two full sets of the trial exhibits, will hopefully be avoided.

4. *Identification of Trial Witnesses*

The party plaintiff, Air Products and Chemicals, Inc., will provide to defendants, on November 26, 1982, a tentative schedule of its witnesses to be called to testify on November 29 and 30. Thereafter, plaintiff will, no later than the close of trial on each succeeding trial day, identify its intended witnesses for its direct case for the two next trial days to defendants.

No later than one day prior to the completion of plaintiff's direct case, defendants will identify by tentative schedule its witnesses to be called to testify during the first two days of their direct case. Thereafter, defendants will, no later than the close of trial on each succeeding trial day, identify their intended witnesses for its direct case for the next two trial days to plaintiff.

No later than one day prior to the completion of defendants' direct case, plaintiff will identify by tentative schedule its witnesses to be called to testify during the first day of its rebuttal case. Thereafter, plaintiff will, no later than the close of trial on each succeeding trial day, identify its intended rebuttal witnesses for the next two trial days to defendants.

To the extent that the Court allows surrebuttal testimony, defendants will identify by tentative schedule its witnesses to be called to testify during the first two days of their surrebuttal case. Thereafter, plaintiff will, no later than the close of trial on each succeeding trial day identify its intended rebuttal witnesses for the next two trial days to defendants.

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Approved: _____

Honorable G. Ross Anderson, Jr.
United States District Court Judge
District of South Carolina

Excerpts From Trial Transcript
Page 28, Line 2 Through Page 29, Line 4

By Mr. Flintoft:

Your Honor, so as not to interrupt Mr. Roper, my partner reminded me I forgot to raise one matter. And that is, I understand the plaintiff has— and I wrote the court a letter on this subject. I understand the plaintiff has also submitted a glossary of terms which they say will be helpful in understanding the exhibits and the testimony of the witnesses. I think if they're going to refer to the terms and definitions and meanings of things, I think everybody in the courtroom should know what the plaintiff's counsel and the witnesses are talking about. We're not ex parte proceeding here, so I think we're entitled either that they don't rely on these things in any way, shape, or form. Or that we be given copies of whatever it is that they're referring to as a glossary of terms that they provided your Honor and they intend to use as some sort of shorthand at this trial.

By Mr. Roper:

May I respond to that very briefly, your Honor?

By the Court:

No, just give him a copy.

By Mr. Roper:

All right, your Honor.

By the Court:

Go ahead

Excerpts From Trial Testimony
Page 1376, Line 13 Through Page 1383, Line 20

By Mr. Roper:

Your Honor, may I interpose an objection. Your Honor, actually just before lunch, for the very first time, the defendants here have produced for us, apparently waiving privilege on it, an opinion which previously they had contended was privileged. And that contention has lasted up until, I guess, just an hour or so ago. It was never produced to us before. It's now being produced for the very first time. I believe that this was called for before. In fact, it was scheduled. And, your Honor, I think that in view of this coming in the midst of defendant's case, it should be precluded on the ground that it should have been produced in discovery. And I should have been able to take the deposition of Mr. Gulko. I should have been able to take the deposition of anybody else who is involved in the preparation of the opinion. I think if they wanted to introduce it they could have given me at least a couple of days before trial or a week before trial to depose the relevant people. Now it comes out of the blue like this, and I think under the circumstances, since it was not produced before, it should be precluded.

By Mr. Flintoft:

Two points, your Honor, if I may. The first one is I offered in 1980 to give them our opinion. I offered in September of this year to exchange opinions—

By the Court:

What do you mean 'offered'?

By Mr. Flintoft:

And again in October I offered to exchange opinions. And Mr. Roper refused, and I had to move for his withheld allegedly privileged documents. I am, in effect, I agree, waiving privilege with respect to these documents. I have no intention of relying on them for the substance of the matters contained therein. I simply want to show that this gentleman and the Charles S. Tanner Company acted in good faith on advice of counsel after serious deliberation. Both Charles Tanner and Ciba-Geigy, after Ciba-Geigy purchased the stock of Charles Tanner, evaluated the situation and made a decision based on their own evaluation and evaluations they obtained from other people as well as to the validity or the invalidity and infringement or noninfringement of the patents in suit. That there is no willful or wanton infringement here. And that this man is not guilty of any willful or wanton infringement, and neither is the Charles Tanner Company.

By the Court:

The question is that you were asked to produce those. You refused on work product. Now you want to use them in trial and waive the privilege at this late date. That's the question.

By Mr. Flintoft:

I think that— no, your Honor, I think that it goes back to a situation where I have been trying repeatedly for over a year to get an exchange.

By the Court:

No, no, now you're wanting a trade now. I'm assuming you gave a notice to produce.

By Mr. Roper:

Yes, your Honor, they were actually scheduled in response to—

By the Court:

And you set up work product.

By Mr. Roper:

And privilege. Attorney-client privilege, also.

By the Court:

Attorney-client.

By Mr. Flintoft:

I don't recall any demands. I mean, they accepted my list. They said, "Okay, you're withholding those documents, fine." And then I continually offered to provide them with mine in return for theirs. And they never said a word except, "We won't give you ours. Air Products won't give you ours." So, they didn't. I gave them these documents a little earlier this afternoon. They can cross examine Mr. Lindemann. I'm not going into the substance of this information. But I would also like to point out, your Honor, that while three of these five letters were never produced before, several of the letters, two of them, in fact, Defendant's Exhibit 263 and Defendant's Exhibit 264, represent opinions in 1973 rendered to the National Starch and Chemical Corporation, which were, in fact, forwarded to Mr. Richard Fleming, Vice President Chemicals, Air Products and Chemicals, Inc., Wayne, Pennsylvania.

By Mr. Roper:

I have no problem with those, your Honor. I'm not concerned—

By the Court:

That one doesn't bother me. Anything that you sent them doesn't bother me. What bothers me is that at the last moment you are waiving the privilege after you have refused to disclose it, and giving them an opportunity to examine those opinions and depose them.

By Mr. Flintoft:

Your Honor, at the beginning of the case I listed them as withheld. And I just simply left them on the withheld list. Nobody came back and asked me anything. I repeatedly tried to negotiate something, to work something out. At anytime they could have said yes, or they could have said, "would you—" they never even asked me. They didn't want to see them, because they didn't want to be in a situation where they might have to let me see any of theirs.

By the Court:

But that doesn't put you in the position of then being able to use them.

By Mr. Flintoft:

This happens in every case, your Honor. There are situations where they walk into trial in the morning and here's a new exhibit.

By the Court:

Not where I preside, it doesn't happen.

By Mr. Flintoft:

Here's a new exhibit, and you do the best you can. And you examine and cross examine on it. And it doesn't come as any great surprise to them. I mean,

particularly in view of the fact that we have Exhibits 263 and 264 marked right here. They were identified to them quite some time ago in the exhibit list. And they've had copies of them for a long time.

By the Court:

He says now he gave them to you a long time ago.

By Mr. Flintoft:

Well, these two.

By Mr. Roper:

Those are the ones that—

By Mr. Flintoft:

263 and 264.

By the Court:

Well, let's don't talk— let's just project those. I think—

By Mr. Roper:

Your Honor, I accepted his representation that these things were privileged. In fact, he's admitted that they were, or he's still contending that they were. And all he did was waive it some time today.

By the Court:

That's what you get for believing the lawyer on the other side.

By the Court:

Offering them on the issue of willful violation.

By Mr. Flintoft:

To demonstrate that we did not willfully and wantonly infringe.

By the Court:

All right. I am ruling them out and you may ask him did he act on legal advice of counsel in doing whatever he did. Whose lawyer was he, who paid him, who was he working for?

By Mr. Flintoft:

Yes, your Honor, I understand.

By the Court:

And I'll permit it on that issue. A very narrow issue.

By Mr. Flintoft:

I understand, your Honor.

By the Court:

Does anybody need the issue redefined for the record?

Excerpts From Trial Testimony
Page 3001, Line 9 Through Page 3002, Line 23

By Mr. Flintoft:

All right, your Honor. Both sides submit proposed findings and conclusions of law?

By the Court:

Right, and I want the issues treated separately. You've got the validity of the patent. If the patent is valid, the next issue is have they infringed. The next issue is trade secrets. If there were such an animal, has it been appropriated. Any more issues?

By Mr. Flintoft:

I think the other issues would all come—well, there are many issues that would come under patent valid-

ity or invalidity, but we understand how your Honor wants it treated: the patent validity, the patent infringement, existence of trade secrets, and, then, whether or not they've been misappropriated.

By the Court:

All right. And you all think February 15th will be enough time, then?

By Mr. Roper:

Yes, your Honor. Your Honor, I just take it that you want the findings annotated to the record?

By the Court:

Pardon?

By Mr. Roper:

Do I understand that your Honor would want the findings annotated to the trial record so that we, you know, put the citations of exhibits and pages after each finding?

By the Court:

Oh, certainly. Yes.

By Mr. Flincoft:

Your Honor, should those proposed findings and conclusions be served on one another?

By the Court:

No. No proposed findings. You don't get the benefit of his, he doesn't get the benefit of yours.

CONSTITUTIONAL PROVISION, STATUTES AND RULES INVOLVED

Article 3, Section 2, Clause 1 of the United States Constitution reads as follows:

> The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority;—to all Cases affecting Ambassadors, other public Ministers and Consuls;—to all Cases of admiralty and maritime Jurisdiction;—to Controversies to which the United States shall be a Party;—to Controversies between two or more States;—between a State and Citizens of another State;—between Citizens of different States;—between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects.

28 U.S.C. § 331 reads as follows:

> The Chief Justice of the United States shall summon annually the chief judge of each judicial circuit, and a district judge from each judicial circuit to a conference at such time and place in the United States as he may designate. He shall preside at such conference which shall be known as the Judicial Conference of the United States. Special sessions of the conference may be called by the Chief Justice at such times and places as he may designate.
>
> The district judge to be summoned from each judicial circuit shall be chosen by the circuit and district judges of the circuit at the annual judicial conference of the circuit held pursuant to section 333 of this title and shall serve as a member of the con-

ference for three successive years, except that in the year following the enactment of this amended section the judges in the first, fourth, seventh, and tenth circuits shall choose a district judge to serve for one year, the judges in the second, fifth, and eighth circuits shall choose a district judge to serve for two years and the judges in the third, sixth, ninth, and District of Columbia circuits shall choose a district judge to serve for three years.

If the chief judge of any circuit or the district judge chosen by the judges of the circuit is unable to attend, the Chief Justice may summon any other circuit or district judge from each circuit. Every judge summoned shall attend and, unless excused by the Chief Justice, shall remain throughout the sessions of the conference and advise as to the needs of his circuit or court and as to any matters in respect of which the administration of justice in the courts of the United States may be improved.

The Conference shall make a comprehensive survey of the condition of business in the courts of the United States and prepare plans for assignment of judges to or from circuits or districts where necessary. It shall also submit suggestions and recommendations to the various courts to promote uniformity of management procedures and the expeditious conduct of court business. The Conference is authorized to exercise the authority provided in section 372(c) of this title as the Conference, or through a standing committee. If the Conference elects to establish a standing committee, it shall be appointed by the Chief Justice and all petitions for review shall be reviewed by that committee. The Conference or the standing committee may hold hearings, take sworn testimony, issue subpoenas and subpoenas duces tecum, and make necessary and appropriate orders in the exercise of its authority. Subpoenas and subpoenas duces tecum shall be issued by the clerk of

the Supreme Court or by the clerk of any court of appeals, at the direction of the Chief Justice or his designee and under the seal of the court, and shall be served in the manner provided in rule 45(c) of the Federal Rules of Civil Procedure for subpoenas and subpoenas duces tecum issued on behalf of the United States or an officer or any agency thereof. The Conference may also prescribe and modify rules for the exercise of the authority provided in section 372(c) of this title. All judicial officers and employees of the United States shall promptly carry into effect all orders of the Judicial Conference or the standing committee established pursuant to this section.

The Conference shall also carry on a continuous study of the operation and effect of the general rules of practice and procedure now or hereafter in use as prescribed by the Supreme Court for the other courts of the United States pursuant to law. Such changes in and additions to those rules as the Conference may deem desirable to promote simplicity in procedure, fairness in administration, the just determination of litigation, and the elimination of unjustifiable expense and delay shall be recommended by the Conference from time to time to the Supreme Court for its consideration and adoption, modification or rejection, in accordance with law.

The Attorney General shall, upon request of the Chief Justice, report to such conference on matters relating to the business of the several courts of the United States, with particular reference to cases to which the United States is a party.

The Chief Justice shall submit to Congress an annual report of the proceedings of the Judicial Conference and its recommendations for legislation.

35 U.S.C. § 285 reads as follows:

> The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Rule 5(a) of the Federal Rules of Civil Procedure reads as follows:

> **(a) Service: When Required.** Except as otherwise provided in these rules, every order required by its terms to be served, every pleading subsequent to the original complaint unless the court otherwise orders because of numerous defendants, every paper relating to discovery required to be served upon a party unless the court otherwise orders, every written motion other than one which may be heard ex parte, and every written notice, appearance, demand, offer of judgment, designation of record on appeal, and similar paper shall be served upon each of the parties. No service need be made on parties in default for failure to appear except that pleadings asserting new or additional claims for relief against them shall be served upon them in the manner provided for service of summons in Rule 4.
>
> In an action begun by seizure of property, in which no person need be or is named as defendant, any service required to be made prior to the filing of an answer, claim, or appearance shall be made upon the person having custody or possession of the property at the time of its seizure.

Rule 6(c) of the Federal Rules of Civil Procedure reads as follows:

> **(c) Subjects to be Discussed at Pretrial Conferences.** The participants at any conference under this rule may consider and take action with respect to
>
> (1) the formulation and simplification of the issues, including the elimination of frivolous claims or defenses;

(2) the necessity or desirability of amendments to the pleadings;

(3) the possibility of obtaining admissions of fact and of documents which will avoid unnecessary proof, stipulations regarding the authenticity of documents, and advance rulings from the court on the admissibility of evidence;

(4) the avoidance of unnecessary proof and of cumulative evidence;

(5) the identification of witnesses and documents, the need and schedule for filing and exchanging pretrial briefs, and the date or dates for further conferences and for trial;

(6) the advisability of referring matters to a magistrate or master;

(7) the possibility of settlement or the use of extrajudicial procedures to resolve the dispute;

(8) the form and substance of the pretrial order;

(9) the disposition of pending motions;

(10) the need for adopting special procedures for managing potentially difficult or protracted actions that may involve complex issues, multiple parties, difficult legal questions, or unusual proof problems; and

(11) such other matters as may aid in the disposition of the action.

At least one of the attorneys for each party participating in any conference before trial shall have authority to enter into stipulations and to make admissions regarding all matters that the participants may reasonably anticipate may be discussed.

Rule 83 of the Federal Rules of Civil Procedure reads as follows:

> Each district court by action of a majority of the judges thereof may from time to time make and amend rules governing its practice not inconsistent with these rules. Copies of rules and amendments so made by any district court shall upon their promulgation be furnished to the Supreme Court of the United States. In all cases not provided for by rule, the district courts may regulate their practice in any manner not inconsistent with these rules.
